

Estimated Subsidy Payment to be included in its application (§1152.22(d) of this part). Furthermore, an offeror of financial assistance may use this method to formulate a subsidy offer and/or Proposed Subsidy Payment under 49 U.S.C. 10904 and §1152.27 of subpart C of this part.

(b) *Data collection.* The owning or operating carrier shall establish a system to collect at branch level the data necessary to compute the base year data and the final subsidy payment. The collection and compilation of such data shall be in accordance with the Branch Line Accounting System (49 CFR part 1201).

(c) *Final payment of financial assistance.* (1) When a financial assistance agreement is concluded, the final payment will be adjusted to reflect the actual revenues derived, avoidable costs incurred, and value of the properties used in the subsidy year.

(2) Where an adjustment results in an increase in the Estimated Subsidy Payment upon which the financial assistance agreement is based, the amount of such increase is limited to 15 percent of the estimated payment. However, if the railroad notifies the subsidizer that the estimate will be exceeded by more than 15 percent in one of the Financial Status Reports (§1152.37) issued during the first 10 months of the subsidy year or the increase results from an expense preapproved by the subsidizer, the adjusted amount shall be included in the final payment.

§1152.31 Revenue and income attributable to branch lines.

The revenue attributable to the rail properties is the total of the revenues assigned to the branch in accordance with this section, plus any subsidy payments that would cease upon discontinuance of service on the branch, for the subsidy year. The revenues assigned shall be derived from the following accounts:

(a) *Account 101—Freight.* The revenue assigned under this account shall be the actual revenues, including transit revenues, accruing to the railroad, derived from waybills and other source documents, for all traffic that:

(1) Originates and terminates on the branch;

(2) Originates or terminates on the branch and is handled off the branch on the system but not on another carrier; and

(3) Originates or terminates on the branch and is handled on another carrier. All traffic that is received or forwarded through interchange at a point on the branch, including ferry operations, shall be considered as originating or terminating on the branch. The revenues of all other bridge or overhead traffic that will not be retained by the carrier shall be attributed to the branch on the ratio of miles moved on the branch to miles moved on the system, provided, however, that the parties may agree on a mutually acceptable usage charge for bridge traffic in lieu of the mileage apportionment.

(b) *Account 104—Switching; Account 105—Water transfers; Account 106—Demurrage; Account 110—Incidental; Account 121—Joint Facility-Credit; Account 122—Joint Facility-Debt; Account 506—Revenues from Properties Used in Other Than Carrier Operations; Account 510—Miscellaneous Rent Income; Account 519—Miscellaneous Income.* The revenues assigned under these accounts shall be the actual revenues accruing to the railroad that are directly attributable to the branch.

(c) *Chart for revenue accounts.*

Revenue account title	Account No.
Freight	101
Switching	104
Water transfers	105
Demurrage	106
Incidental	110
Joint facility-credit	121
Joint facility-debt	122
Revenues from property used in other than carrier operations, less expenses.	506, 534
Miscellaneous rent income	510
Miscellaneous income	519

§1152.32 Calculation of avoidable costs.

This section defines: Which cost elements are eligible for inclusion in the calculation of avoidable costs; the conditions under which certain cost elements become eligible for inclusion; and the basis of apportioning those cost elements which are not assigned to the branch on an actual expense basis. The avoidable costs of providing freight service on a branch shall be the

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total of the costs assigned to the branch in accordance with this section. The avoidable costs of providing freight service on a branch shall be just and reasonable, and shall not exceed those necessary for an honest and efficient operation. Those expenses apportioned under this section shall be derived from the latest Form R-1 Annual Report for Class I railroads filed with the Board prior to the conclusion of the subsidy year, and company records for all non-Class I railroads, and assigned to the branch according to the

procedures set forth in §1152.33 of these regulations. When the term "Actual" is specified as the basis for assigning an expense, it shall mean that the only costs which can be assigned to the account are those costs which are incurred solely as a result of the continuation of rail freight service on the branch. The accounts in the following charts, which list only the "freight-only" account numbers, shall include the portion of common expenses that have been apportioned to freight service.

Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
(a) Maintenance of way and structures:		
(1) Administration: Track:		
Salaries and wages	11–13–02	Actual.
Materials	21–13–02	Do.
Purchased services	41–13–02	Do.
Other expenses	61–13–02	Do.
Bridges and buildings		
Salaries and wages	11–13–03	Do.
Materials	21–13–03	Do.
Purchased services	41–13–03	Do.
Other expenses	61–13–03	Do.
Signals		
Salaries and wages	11–13–04	Do.
Materials	21–13–04	Do.
Purchased services	41–13–04	Do.
Other expenses	61–13–04	Do.
Communications		
Salaries and wages	11–13–05	Do.
Materials	21–13–05	Do.
Purchased services	41–13–05	Do.
Other expenses	61–13–05	Do.
Other		
Salaries and wages	11–13–06	Do.
Materials	21–13–06	Do.
Purchased services	41–13–06	Do.
Other expenses	61–13–06	Do.
(2) Repair maintenance and other roadway—running:		
Salaries and wages	11–11–10	Do.
Materials	21–11–10	Do.
Repairs by others—DR	39–11–10	Do.
Repairs for others—CR	40–11–10	Do.
Purchased services	41–11–10	Do.
Other expenses	61–11–10	Do.
Roadway—switching		
Salaries and wages	11–12–10	Do.
Materials	21–12–10	Do.
Repairs by others—DR	39–12–10	Do.
Repairs for others—CR	40–12–10	Do.
Purchased services	41–12–10	Do.
Other expenses	61–12–10	Do.
Tunnels and subways—running		
Salaries and wages	11–11–11	Do.
Materials	21–11–11	Do.
Repairs by others—DR	39–11–11	Do.
Repairs for others—CR	40–11–11	Do.
Purchased services	41–11–11	Do.
Other expenses	61–11–11	Do.
Tunnels and subways—switching		
Salaries and wages	11–12–11	Do.

Materials	21-12-11	Do.
Repairs by others—DR	39-12-11	Do.
Repairs for others—CR	40-12-11	Do.
Purchased services	41-12-11	Do.
Other expenses	61-12-11	Do.
Bridges and culverts—running		
Salaries and wages	11-11-12	Do.
Materials	21-11-12	Do.
Repairs by others—DR	39-11-12	Do.
Repairs for others—CR	40-11-12	Do.
Purchased services	41-11-12	Do.
Other expenses	61-11-12	Do.
Bridges and culverts—switching		
Salaries and wages	11-12-12	Do.
Materials	21-12-12	Do.
Repairs by others—DR	39-12-12	Do.
Repairs for others—CR	40-12-12	Do.
Purchased services	41-12-12	Do.
Other expenses	61-12-12	Do.
Ties—running—material	21-11-13	Do.
Ties—switching—material	21-12-13	Do.
Rails—running—material	21-11-14	Do.
Rails—switching—material	21-12-14	Do.
Other track material—running—material	21-11-15	Do.
Other track material—switching—material	21-12-15	Do.
Ballast—running—material	21-11-16	Do.
Ballast—switching—material	21-12-16	Do.
Track laying and surfacing—running		
Salaries and wages	11-11-17	Do.
Materials	21-11-17	Do.
Repairs by others—DR	39-11-17	Do.
Repairs for others—CR	40-11-17	Do.
Purchased services	41-11-17	Do.
Other expenses	61-11-17	Do.
Track laying and surfacing—switching		
Salaries and wages	11-12-17	Do.
Materials	21-12-17	Do.
Repairs by others—DR	39-12-17	Do.
Repairs for others—CR	40-12-17	Do.
Purchased services	41-12-17	Do.
Other expenses	61-12-17	Do.
Road property damaged—running		
Salaries and wages	11-11-48	Do.
Materials	21-11-48	Do.
Repairs by others—DR	39-11-48	Do.
Repairs for others—CR	40-11-48	Do.
Purchased services	41-11-48	Do.
Other expenses	61-11-48	Do.
Road property damaged—switching		
Salaries and wages	11-12-48	Do.

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Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
Materials	21-12-48	Do.
Repairs by others—DR	39-12-48	Do.
Repairs for others—CR	40-12-48	Do.
Purchased services	41-12-48	Do.
Other Expenses	61-12-48	Do.
Road property damaged—other		
Salaries and wages	1-13-48	Do.
Materials	21-13-48	Do.
Repairs by others—DR	39-13-48	Do.
Repairs for others—CR	40-13-48	Do.
Purchased services	41-13-48	Do.
Other expenses	61-13-48	Do.
Signals and interlockers—running		
Salaries and wages	11-11-19	Do.
Materials	21-11-19	Do.
Repairs by others—DR	39-11-19	Do.
Repairs for others—CR	40-11-19	Do.
Purchased services	41-11-19	Do.
Other expenses	61-11-19	Do.
Signals and interlockers—switching		
Salaries and wages	11-12-19	Do.
Materials	21-12-19	Do.
Repairs by others—DR	39-12-19	Do.
Repairs for others—CR	40-12-19	Do.
Purchased services	41-12-19	Do.
Other expenses	61-12-19	Do.
Communications systems		
Salaries and wages	11-13-20	Do.
Materials	21-13-20	Do.
Repairs by others—DR	39-13-20	Do.
Repairs for others—CR	40-13-20	Do.
Purchased services	41-13-20	Do.
Other expenses	61-13-20	Do.
Electric power systems		
Salaries and wages	11-13-21	Do.
Materials	21-13-21	Do.
Repairs by others—DR	39-13-21	Do.
Repairs for others—CR	40-13-21	Do.
Purchased services	41-13-21	Do.
Other expenses	61-13-21	Do.
Highway grade crossings—running		
Salaries and wages	11-11-22	Do.
Materials	21-11-22	Do.
Repairs by others—DR	39-11-22	Do.
Repairs for others—CR	40-11-22	Do.
Purchased services	41-11-22	Do.
Other expenses	61-11-22	Do.

Highway grade crossings—switching		
Salaries and wages	11-12-22	Do.
Materials	21-12-22	Do.
Repairs by others—DR	39-12-22	Do.
Repairs for others—CR	40-12-22	Do.
Purchased services	41-12-22	Do.
Other expenses	61-12-22	Do.
Station and office buildings		
Salaries and wages	11-13-23	Do.
Materials	21-13-23	Do.
Repairs by others—DR	39-13-23	Do.
Repairs for others—CR	40-13-23	Do.
Purchased services	41-13-23	Do.
Other expenses	61-13-23	Do.
Station buildings—locomotives		
Salaries and wages	11-13-24	Do.
Materials	21-13-24	Do.
Repairs by others—DR	39-13-24	Do.
Repairs for others—CR	40-13-24	Do.
Purchased services	41-13-24	Do.
Other expenses	61-13-24	Do.
Shop buildings—freight cars		
Salaries and wages	11-13-25	Do.
Materials	21-13-25	Do.
Repairs by others—DR	39-13-25	Do.
Repairs for others—CR	40-13-25	Do.
Purchased services	41-13-25	Do.
Other expenses	61-13-25	Do.
Shop buildings—other equipment		
Salaries and wages	11-13-26	Do.
Materials	21-13-26	Do.
Repairs by others—DR	39-13-26	Do.
Repairs for others—CR	40-13-26	Do.
Purchased services	41-13-26	Do.
Other expenses	61-13-26	Do.
Locomotive servicing facilities		
Salaries and wages	11-13-27	Do.
Materials	21-13-27	Do.
Repairs by others—DR	39-13-27	Do.
Repairs for others—CR	40-13-27	Do.
Purchased services	41-13-27	Do.
Other expenses	61-13-27	Do.
Miscellaneous buildings and structures		
Salaries and wages	11-13-28	Do.
Materials	21-13-28	Do.
Repairs by others—DR	39-13-28	Do.
Repairs for others—CR	40-13-28	Do.
Purchased services	41-13-28	Do.
Other expenses	61-13-28	Do.
Coal terminals		
Salaries and wages	11-13-29	Do.

Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
Materials	21–13–29	Do.
Repairs by others—DR	39–13–29	Do.
Repairs for others—CR	40–13–29	Do.
Purchased services	41–13–29	Do.
Other expenses	61–13–29	Do.
Ore terminals		
Salaries and wages	11–13–30	Do.
Materials	21–13–30	Do.
Repairs by others—DR	39–13–30	Do.
Repairs for others—CR	40–13–30	Do.
Purchased services	41–13–30	Do.
Other expenses	61–13–30	Do.
TOFC/COFC terminals		
Salaries and wages	11–13–31	Do.
Materials	21–13–31	Do.
Repairs by others—DR	39–13–31	Do.
Repairs for others—CR	40–13–31	Do.
Purchased services	41–13–31	Do.
Other expenses	61–13–31	Do.
Other marine terminals		
Salaries and wages	11–13–32	Do.
Materials	21–13–32	Do.
Repairs by others—DR	39–13–32	Do.
Repairs for others—CR	40–13–32	Do.
Purchased services	41–13–32	Do.
Other expenses	61–13–32	Do.
Motor vehicle loading and distribution facilities		
Salaries and wages	11–13–33	Do.
Materials	21–13–33	Do.
Repairs by others—DR	39–13–33	Do.
Repairs for others—CR	40–13–33	Do.
Purchased services	41–13–33	Do.
Other expenses	61–13–33	Do.
Facilities for other specialized service operations		
Salaries and wages	11–13–35	Do.
Materials	21–13–35	Do.
Repairs by others—DR	39–13–35	Do.
Repairs for others—CR	40–13–35	Do.
Purchased services	41–13–35	Do.
Other expenses	61–13–35	Do.
Roadway machines		
Salaries and wages	11–13–36	Daily repair costs per GMA, for each type of machine used on the branch line sec. 1152.33(a)(1).
Materials	21–13–36	Do.
Repairs by others—DR	39–13–36	Do.
Repairs for others—CR	40–13–36	Do.
Purchased services	41–13–36	Do.
Other expenses	61–13–36	Do.

Small tools and supplies	11-13-37	Assign supplies on the daily costs per GMA, for each type of machine used on the
Other expenses	21-13-37	branch, small tool assign to maintenance of way 11- 11/12-10 through 17, and
Materials	39-13-37	Do.
Repairs by others—DR	40-13-37	Do.
Repairs for others—CR	41-13-37	Do.
Purchased services	61-13-37	Do.
Other expenses		Do.
Snow removal		
Salaries and wages	11-13-38	Actual.
Materials	21-13-38	Do.
Repairs by others—DR	39-13-38	Do.
Repairs for others—CR	40-13-38	Do.
Purchased Services	41-13-38	Do.
Other expenses	61-13-38	Do.
Fringe benefits—running	12-11-00	11-11-XX, sec. 1152.33(a)(3)(i).
Fringe benefits—switching	12-12-00	11-12-XX, sec. 1152.33(a)(3)(ii).
Fringe benefits—other	12-13-00	11-13-XX, sec. 1152.33(a)(3)(iii).
Casualties and insurance—running		
Other casualties	52-11-00	Actual.
Insurance	53-11-00	Do.
Casualties and insurance—switching		
Other casualties	52-12-00	Do.
Insurance	53-12-00	Do.
Lease rentals—debit—running	31-11-00	Do.
Lease rentals—debit—switching	31-12-00	Do.
Lease rentals—debit—other	31-13-00	Do.
Lease rentals—credit—running	32-11-00	Do.
Lease rentals—credit—switching	32-12-00	Do.
Lease rentals—credit—other	32-13-00	Do.
Joint facility rent—debit—running	33-11-00	Do.
Joint facility rent—debit—switching	33-12-00	Do.
Casualties and insurance—other		
Other casualties	52-13-00	Do.
Insurance	53-13-00	Do.
Joint facility—debit—other	33-13-00	Do.
Joint facility rent—credit—running	34-11-00	Do.
Joint facility rent—credit—switching	34-12-00	Do.
Joint facility rent—credit—other	34-13-00	Do.
Other rents—debit—running	36-11-00	Do.
Other rents—debit—switching	36-12-00	Do.
Other rents—debit—other	35-13-00	Do.
Other rents—credit—running	36-11-00	Do.
Other rents—credit—switching	36-12-00	Do.
Other rents—credit—other	36-13-00	Do.
Depreciation—running	62-11-00	Do.
Depreciation—switching	62-12-00	Do.
Depreciation—other	62-13-00	Do.
Joint facility—debit—running	37-11-00	Do.

Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
Joint facility—debit—switching	37-12-00	Do.
Joint facility—debit—other	37-13-00	Do.
Joint facility—credit—running	38-11-00	Do.
Joint facility—credit—switching	38-12-00	Do.
Joint facility—credit—other	38-13-00	Do.
Dismantling retired road property—running		
Salaries and wages	11-11-39	Do.
Materials	21-11-39	Do.
Purchased services	41-11-39	Do.
Other expenses	61-11-39	Do.
Dismantling retired road property—switching		
Salaries and wages	11-12-39	Do.
Materials	21-12-39	Do.
Purchased services	41-12-39	Do.
Other expenses	61-12-39	Do.
Dismantling retired road property—other		
Salaries and wages	11-13-39	Do.
Materials	21-13-39	Do.
Purchased services	41-13-39	Do.
Other expenses	61-13-39	Do.
Other—running		
Salaries and wages	11-11-99	Do.
Materials	21-11-99	Do.
Purchased services	41-11-99	Do.
Other expenses	61-11-99	Do.
Other—switching		
Salaries and wages	11-12-99	Do.
Materials	21-12-99	Do.
Purchased Services	41-12-99	Do.
Other Expenses	61-12-99	Do.
Other—other		
Salaries and wages	11-13-99	Do.
Materials	21-13-99	Do.
Purchased services	41-13-99	Do.
Other expenses	61-13-99	Do.
(b) Maintenance of equipment		
(1) Locomotives: Administration		
Salaries and wages	11-21-01	Do.
Materials	21-21-01	Do.
Purchased services	41-21-01	Do.
Other expenses	61-21-01	Do.
Repairs and maintenance		
Salaries and wages	11-21-41	Road diesel and road electric locomotive gross ton miles. Yard diesel and yard electric locomotive unit hours, §1152.33(b)(1).
Materials	21-21-41	Do.
Repairs by others—DR	39-21-41	Do.
Repairs for others—CR	40-21-41	Do.
Purchased services	41-21-41	Do.

Other expenses	61-21-41	Do.	
Machinery repair	11-21-40	Actual.	
Salaries and wages	21-21-40	Do.	
Materials	39-21-40	Do.	
Repairs by others—DR	40-21-40	Do.	
Repairs for others—CR	41-21-40	Do.	
Purchased services	61-21-40	Do.	
Other expenses	11-21-48	Do.	
Equipment damaged	21-21-48	Do.	
Salaries and wages	39-21-48	Do.	
Materials	40-21-48	Do.	
Repairs by others—DR	41-21-48	Do.	
Repairs for others—CR	61-21-48	Do.	
Purchased services	12-21-00	11-21-XX, sec. 1152.33(b)(3)(i).	
Other expenses	52-21-00	Actual.	
Equipment damaged	53-21-00	Do.	
Fringe benefits	31-21-00	Do.	
Other casualties	32-21-00	Do.	
Insurance	33-21-00	Do.	
Lease rentals—debit	34-21-00	Do.	
Lease rentals—credit	35-21-00	Do.	
Joint facility rent—debit	36-21-00	Do.	
Joint facility rent—credit	37-21-00	Do.	
Other rents—debit	38-21-00	Do.	
Other rents—credit	62-21-00	All locomotives, locomotive unit hours, sec. 1152.33(b)(2).	
Joint facility—debit	11-21-39	Actual.	
Joint facility—credit	21-21-39	Do.	
Depreciation	41-21-39	Do.	
Dismantling retired property	61-21-39	Do.	
Salaries and wages	11-21-99	Do.	
Materials	21-21-99	Do.	
Purchased services	41-21-99	Do.	
Other expenses	61-21-99	Do.	
Other	11-22-01	Do.	
Salaries and wages	21-22-01	Do.	
Materials	41-22-01	Do.	
Purchased services	61-22-01	Do.	
Other expenses	11-22-40	Do.	
Machinery repair	21-22-40	Do.	
Salaries and wages	39-22-40	Do.	
Materials	40-22-40	Do.	
Repairs by others—DR	41-22-40	Do.	
Repairs for others—CR			
Purchased services			

Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
Other expenses	61-22-40	Do.
Equipment damage		
Salaries and wages	11-22-48	Do.
Materials	21-22-48	Do.
Repairs by others—DR	39-22-48	Do.
Repairs for others—CR	40-22-48	Do.
Purchased services	61-22-48	Do.
Other expenses	61-22-48	Do.
Fringe benefits	12-22-00	11-22-XX, sec. 1152.33-(b)(3)(iii).
Other casualties and insurance		
Insurance	52-22-00	Actual.
Joint facility rent—DR	53-22-00	Do.
Joint facility rent—CR	33-22-00	Do.
Joint facility—DR	34-22-00	Do.
Joint facility—CR	37-22-00	Do.
Dismantling retired property	38-22-00	Do.
Salaries and wages	11-22-39	Do.
Materials	21-22-39	Do.
Purchased services	41-22-39	Do.
Other expenses	61-22-39	Do.
Other		
Salaries and wages	11-22-99	Do.
Materials	21-22-99	Do.
Purchased services	41-22-99	Do.
Other expenses	61-22-99	Do.
Freight car costs per day and per mile:		
Repair and maintenance		
Salaries and wages	11-22-42	These accounts are used to develop the cost per car day and per car mile for each type of car, sec. 1152.32(g).
Materials	21-22-42	Do.
Repairs by others—DR	39-22-42	Do.
Repairs for others—CR	40-22-42	Do.
Purchased services	61-22-42	Do.
Other expenses	61-22-42	Do.
Lease rentals—DR	31-22-00	
Lease rentals—CR	32-22-00	
Depreciation	62-22-00	
Other rents—DR	36-22-00	
Other rents—CR	36-22-00	
(3) Other equipment: Administration		
Salaries and wages	11-23-01	Actual.
Materials	21-23-01	Do.
Purchased services	41-23-01	Do.
Other expenses	61-23-01	Do.
Repair and maintenance: Trucks, trailers and containers—revenue service		
Salaries and wages	11-23-43	Do.
Materials	21-23-43	Do.

Repairs by others—DR	39-23-43	Do.
Repairs for others—CR	40-23-43	Do.
Purchased services	41-23-43	Do.
Other expenses	61-23-43	Do.
Floating equipment—revenue service		
Salaries and wages	11-23-44	Do.
Materials	21-23-44	Do.
Repairs by others—DR	39-23-44	Do.
Repairs for others—CR	40-23-44	Do.
Purchased services	41-23-44	Do.
Other expenses	61-23-44	Do.
Computer and data processing		
Salaries and wages	11-23-46	Do.
Materials	21-23-46	Do.
Repairs by others—DR	39-23-46	Do.
Repairs for others—CR	40-23-46	Do.
Purchased services	41-23-46	Do.
Other expenses	61-23-46	Do.
Machinery		
Salaries and wages	11-23-40	Do.
Materials	21-23-40	Do.
Repairs by others—DR	39-23-40	Do.
Repairs for others—CR	40-23-40	Do.
Purchased services	41-23-40	Do.
Other expenses	61-23-40	Do.
Work and other non revenue equipment		
Salaries and wages	11-23-47	Do.
Materials	21-23-47	Do.
Repairs by others—DR	39-23-47	Do.
Repairs for others—CR	40-23-47	Do.
Purchased services	41-23-47	Do.
Other expenses	61-23-47	Do.
Equipment damaged		
Salaries and wages	11-23-48	Do.
Materials	21-23-48	Do.
Repairs by others—DR	39-23-48	Do.
Repairs for others—CR	40-23-48	Do.
Purchased services	41-23-48	Do.
Other expenses	61-23-48	Do.
Equipment damaged		
Fringe benefits	12-23-00	11-23-XX, sec. 1152.33(b)(3)(i).
Other casualties and insurance		
Other casualties	52-23-00	Actual.
Insurance	53-23-00	Do.
Lease rentals—DR	31-23-00	Do.
Lease rentals—CR	32-23-00	Do.
Joint facility rent—DR	33-23-00	Do.
Joint facility rent—CR	34-23-00	Do.
Other rents—DR	35-23-00	Do.
Other rents—CR	36-23-00	Do.

Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
Depreciation	62-23-00	Do.
Joint facility—DR	37-23-00	Do.
Joint facility—CR	38-23-00	Do.
Dismantling retired property		
Salaries and wages	11-23-39	Do.
Materials	21-23-39	Do.
Purchased services	41-23-39	Do.
Other expenses	61-23-39	Do.
Other		
Salaries and wages	11-23-99	Do.
Materials	21-23-99	Do.
Purchased services	41-23-99	Do.
Other expenses	61-23-99	Do.
(c) Transportation:		
(1) Train operations: Administration:		
Salaries and wages	11-31-01	Do.
Materials	21-31-01	Do.
Purchased services	41-31-01	Do.
Other expenses	61-31-01	Do.
Engine crews		
Salaries and wages	11-31-56	Do.
Materials	21-31-56	Train hours, sec. 1152.33(c)(1)(i).
Purchased services	41-31-56	Actual.
Other expenses	61-31-56	Do.
Train crews		
Salaries and wages	11-31-57	Do.
Materials	21-31-57	Train hours, sec. 1152.33(c)(1)(i).
Purchased services	41-31-57	Actual.
Other expenses	61-31-57	Do.
Dispatching trains		
Salaries and wages	11-31-58	Do.
Materials	21-31-58	Do.
Purchased services	41-31-58	Do.
Other expenses	61-31-58	Do.
Operating signals and interlockers		
Salaries and wages	11-31-59	Do.
Materials	21-31-59	Do.
Purchased services	41-31-59	Do.
Other expenses	61-31-59	Do.
Operating drawbridges		
Salaries and wages	11-31-60	Do.
Materials	21-31-60	Do.
Purchased services	41-31-60	Do.
Other expenses	61-31-60	Do.
Highway crossing protection		
Salaries and wages	11-31-61	Do.
Materials	21-31-61	Do.
Purchased services	41-31-61	Do.

Other expenses	61-31-61	Do.
Train and inspection and lubrication	11-31-62	Train hours, Sec. 1152.33(c)(1)(i).
Salaries and wages	21-31-62	Do.
Materials	41-31-62	Actual.
Purchased services	61-31-62	Do.
Other expenses	11-31-67	Diesel locomotive unit hours, Sec. 1152.33(c)(1)(ii).
Locomotive fuel	21-31-67	Do.
Salaries and wages	41-31-67	Do.
Materials	61-31-67	Do.
Purchased services	11-31-68	Electric locomotive unit hours, sec. 1152.33(c)(1)(iii).
Other expenses	21-31-68	Do.
Electric power purchased or produced for motive power	41-31-68	Do.
Salaries and wages	61-31-68	Do.
Materials	11-31-69	Locomotive unit miles, sec. 1152.33(c)(1)(iv).
Purchased services	21-31-69	Do.
Other expenses	41-31-69	Do.
Freight lost or damaged—solely related	61-31-69	Do.
Clearing wrecks	51-31-00	Actual.
Salaries and wages	11-31-63	Do.
Materials	21-31-63	Do.
Purchased services	41-31-63	Do.
Other expenses	61-31-63	Do.
Fringe benefits	12-31-00	11-31-XX, sec. 1152.33 (c)(4)(i).
Other casualties and insurance	52-31-00	Actual.
Insurance	53-31-00	Do.
Joint facility—DR	37-31-00	Do.
Joint facility—CR	38-31-00	Do.
Other	11-31-99	Do.
Salaries and wages	21-31-99	Do.
Materials	41-31-99	Do.
Purchased services	61-31-99	Do.
Other expenses	11-32-01	Do.
(2) Yard operations: Administration:	21-32-01	Do.
Salaries and wages	41-32-01	Do.
Materials	61-32-01	Do.
Purchased services	11-32-64	Do.
Other expenses	21-32-64	Locomotive unit hours, sec. 1152.33(c)(2)(i).
Switch crews	41-32-64	Actual.
Salaries and wages	61-32-64	Do.
Materials	11-32-65	Do.
Purchased services		
Other expenses		
Controlling operations		
Salaries and wages		

Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
Materials	21–32–65	Do.
Purchased services	41–32–65	Do.
Other expenses	61–32–65	Do.
Yard and terminal clerical		
Salaries and wages	11–32–66	Do.
Materials	21–32–66	Do.
Purchased services	41–32–66	Do.
Other expenses	61–32–66	Do.
Operating switches, signals, retarders and humps		
Salaries and wages	11–32–59	Do.
Materials	21–32–59	Do.
Purchased services	41–32–59	Do.
Other expenses	61–32–59	Do.
Locomotive fuel		
Salaries and wages	11–32–67	Diesel loco motive unit hours, sec. 1152.33(c)(2)(ii).
Materials	21–32–67	Do.
Purchased services	41–32–67	Do.
Other expenses	61–32–67	Do.
Electric power purchased or produced for motive power		
Salaries and wages	11–32–68	Electric locomotive unit hours, sec. 1152.33(c)(2)(iii).
Materials	21–32–68	Do.
Purchased services	41–32–68	Do.
Other expenses	61–32–68	Do.
Servicing locomotives		
Salaries and wages	11–32–69	Locomotive unit hours, sec. 1152.33(c)(2)(i).
Materials	21–32–69	Do.
Purchased services	41–32–69	Do.
Other expenses	61–32–69	Do.
Freight lost or damaged—solely related	51–32–00	Actual.
Clearing wrecks		
Salaries and wages	11–32–63	Do.
Materials	21–32–63	Do.
Purchased services	41–32–63	Do.
Other expenses	61–32–63	Do.
Fringe benefits	12–32–00	11–32–XX, sec. 1152.33(c)(4)(ii).
Other casualties and insurance		
Other casualties	52–32–00	Actual.
Insurance	53–32–00	Do.
Joint facility—DR	37–32–00	Do.
Joint facility—CR	38–32–00	Do.
Other		
Salaries and wages	11–32–99	Do.
Materials	21–32–99	Do.
Purchased services	41–32–99	Do.
Other expenses	61–32–99	Do.
(3) Train and yard operations common:		
Cleaning car interiors		
Salaries and wages	11–33–70	Do.

Materials	21-33-70	Do.
Purchased services	41-33-70	Do.
Adjusting and transferring loads		
Salaries and wages	11-33-71	Do.
Materials	21-33-71	Do.
Purchased services	41-33-71	Do.
Carloading devices and grain doors		
Salaries and wages	11-33-72	Do.
Materials	21-33-72	Do.
Purchased services	41-33-72	Do.
Freight lost or damaged—all other	51-33-00	Do.
Fringe benefits	12-33-00	11-33-XX, sec. 1152.33(c)(4)(iii).
(4) Specialized service operations: Administration:		
Salaries and wages	11-34-01	Actual.
Materials	21-34-01	Do.
Purchased services	41-34-01	Do.
Other expenses	61-34-01	Do.
Pick-up and delivery, marine line haul, and rail substitute service		
Salaries and wages	11-34-73	Do.
Materials	21-34-73	Do.
Purchased services	41-34-73	Do.
Other expenses	61-34-73	Do.
Loading and unloading and local marine		
Salaries and wages	11-34-74	Do.
Materials	21-34-74	Do.
Purchased services	41-34-74	Do.
Other expenses	61-34-74	Do.
Protective services		
Salaries and wages	11-34-75	Do.
Materials	21-34-75	Do.
Purchased services	41-34-75	Do.
Other expenses	61-34-75	Do.
Freight lost or damaged—Solely related	51-34-00	Do.
Fringe benefits	12-34-00	11-34-XX, sec. 1152.33(c)(4)(iv).
Casualties and insurance		
Other casualties	52-34-00	Actual.
Insurance	53-34-00	Do.
Joint facility—DR	37-34-00	Do.
Joint facility—CR	38-34-00	Do.
Other		
Salaries and wages	11-34-99	Do.
Materials	21-34-99	Do.
Purchased services	41-34-99	Do.
Other expenses	61-34-99	Do.
(5) Administrative support operations: Administration :		
Salaries and wages	11-35-01	Do.
Materials	21-35-01	Do.
Purchased services	41-35-01	Do.
Other expenses	61-35-01	Do.
Employees performing clerical and accounting functions		
Salaries and wages	11-35-76	Do.

Operating expense group and accounts	Account No.	Basis of assignment to on-branch costs
Materials	21–35–76	Do.
Purchased services	41–35–76	Do.
Other expenses	61–35–76	Do.
Communication systems operation		
Salaries and wages	11–35–77	Do.
Materials	21–35–77	Do.
Purchased services	41–35–77	Do.
Other expenses	61–35–77	Do.
Loss and damage claims processing		
Salaries and wages	11–35–78	Number of claims, sec. 1152.33(c)(3)(i).
Materials	21–35–78	Do.
Purchased services	41–35–78	Do.
Other expenses	61–35–78	Do.
Fringe benefits	12–35–00	11–35–XX, sec. 1152.33(c)(4)(v).
Joint facility—DR	37–35–00	Actual.
Joint facility—CR	38–35–00	Do.
Casualties and insurance.		
Other casualties	52–35–00	Do.
Insurance	53–35–00	Do.
Other		
Salaries and wages	11–35–99	Do.
Materials	21–35–99	Do.
Purchased services	41–35–99	Do.
Other expenses	61–35–99	Do.
(d) General Administrative Officers—general administration:		
Salaries and wages	11–61–01	Do.
Materials	21–61–01	Do.
Purchased services	41–61–01	Do.
Other expenses	61–61–01	Do.
Accounting, auditing and finance		
Salaries and wages	11–61–86	Do.
Materials	21–61–86	Do.
Purchased services	41–61–86	Do.
Other expenses	61–61–86	Do.
Management services and data processing		
Salaries and wages	11–61–87	Do.
Materials	21–61–87	Do.
Purchased services	41–61–87	Do.
Other expenses	61–61–87	Do.
Marketing:		
Salaries and wages	11–61–88	Do.
Materials	21–61–88	Do.
Purchased services	41–61–88	Do.
Other expenses	61–61–88	Do.
Sales		
Salaries and wages	11–61–89	Do.
Materials	21–61–89	Do.
Purchased services	41–61–89	Do.

Other expenses	61-61-89	Do.
Industrial development		
Salaries and wages	11-61-90	Do.
Materials	21-61-90	Do.
Purchased services	41-61-90	Do.
Other expenses	61-61-90	Do.
Personnel and labor relations		
Salaries and wages	11-61-91	Do.
Materials	21-61-91	Do.
Purchased services	41-61-91	Do.
Other expenses	61-61-91	Do.
Legal and secretarial		
Salaries and wages	11-61-92	Do.
Materials	21-61-92	Do.
Purchased services	41-61-92	Do.
Other expenses	61-61-92	Do.
Public relations and advertising		
Salaries and wages	11-61-93	Do.
Materials	21-61-93	Do.
Purchased services	41-61-93	Do.
Other expenses	61-61-93	Do.
Research and development		
Salaries and wages	11-61-94	Do.
Materials	21-61-94	Do.
Purchased services	41-61-94	Do.
Other expenses	61-61-94	Do.
Fringe benefits	12-61-00	11-61-XX, sec. 1152.33(d)(1).
Casualties and insurance		
Other casualties	52-61-00	Actual
Insurance	53-61-00	Do.
Writedown of uncollectible accounts	63-61-00	Do.
Other taxes except on corporate income or payroll	65-61-00	Do.
Joint facility—DR	37-61-00	Do.
Joint facility—CR	38-61-00	Do.
Other		
Salaries and wages	11-61-99	Do.
Materials	21-61-99	Do.
Purchased services	41-61-99	Do.
Other expenses	61-61-99	Do.

(e) *Deadheading, taxi, and hotel costs.* The costs assigned under this subsection shall be the actual costs incurred as a result of providing service to the branch line for deadheading, taxi, and hotel costs. The amounts included under this subsection shall not be included under other subsections of these regulations.

(f) *Overhead movement costs.* The costs assigned under this subsection shall be the actual costs incurred in moving over any other rail line solely to reach and provide service to the branch. The amounts shown under this subsection shall not be included under other subsections of these regulations.

(g) *Freight car costs.* For Class I railroads, the on-segment costs for time-mileage freight cars shall be calculated on the basis of the carrier's average cost per day and per mile. Those freight cars that are rented on a straight mileage basis are to be costed on the carrier's average cost per mile for each type of car rented on this basis. No costs are to be included in the calculation for private line (shipper owned) or other cars for which the railroad does not make payments. The cost per day and per mile shall be calculated separately for each type of car specified in Ex Parte No. 334, *Car Service Compensation—Basic Per Diem Charges*, 362 I.C.C. 884 (1980). The freight car costs shall be separated between "return on value-freight cars" and "freight car costs other than return on freight cars". The costs assigned to a line under this subsection are to be derived from the accounts listed below.

Operating expense group—Repair and maintenance	Account No.
Salaries and wages	11–22–42
Materials	21–22–42
Repairs by others—DR	39–22–42
Repairs for others—CR	40–22–42
Purchased services	41–22–42
Other expenses	61–22–42
Lease rentals—DR	31–22–00
Lease rentals—CR	32–22–00
Depreciation	
Other rents—DR	35–22–00
Other rents—CR	36–22–00

The system total of the repair and maintenance accounts, all accounts designated XX-XX-42, and depreciation shall be divided into time-related costs and mileage-related costs on the basis of 50 percent time and 50 percent mile-

age for repairs, and 60 percent time and 40 percent mileage for depreciation. Freight car costs shall not include depreciation as determined in Account No. 62-22-00. Freight car depreciation shall be calculated in the manner set forth in paragraph (g)(3)(i) of this section. The system total receipts and payments for the hire of time-mileage cars, and the basic data used in the development of the car-day and car-mile factors, shall be taken from the carrier's latest Form R-1 and company records. The specific steps to complete the calculation are as follows:

(1) The total system car days by car type shall be calculated by:

(i) Averaging the carrier's freight car ownership at the beginning and end of the year (Form R-1, schedule 710, columns (b) and (k));

(ii) Multiplying the average by the standard active number of car days (346) as developed in ICC Docket No. 31358;

(iii) Subtracting car days on foreign lines (source: Company records); and

(iv) Adding the foreign car days on home line (source: Company records). This procedure shall be followed for each car type specified in Ex Parte No. 334, *supra*.

(2) The total railroad car miles shall be calculated by adding the loaded car miles for the railroad owned and leased cars (R-1, Schedule 755) to empty car miles for the railroad owned or leased cars (R-1, Schedule 755). The total car miles, loaded and empty, shall be calculated for each car type specified in Ex Parte No. 334, *supra*.

(3) The cost per car day shall be calculated for each type of time-mileage car by adding 50 percent of total freight car repair costs for each type (Form R-1, schedule 415, column (b)), and 60 percent of the depreciation shall be developed as follows:

(i) The current value for each type of car shall be calculated by first arriving at the current cost per car using the most recent purchase of this type by the railroad indexed to the midpoint of the year or a price quote from the manufacturer. This unit price shall be applied to the average number of this type of car owned by the carrier during the year. The current value developed for each car type is then multiplied by

the composite depreciation rate for that type of car as shown in the latest annual report filed with the Board or company records.

(ii) Add 100 percent of the return on investment. Return on investment shall be determined by multiplying the current value of each type of car, developed in paragraph (g)(3)(i) of this section, by 1 minus the ratio of accumulated depreciation to the total original cost investment. This will determine the net current value for each type of car. The net current value for each type of car shall then be multiplied by the nominal rate of return calculated in §1152.34(d) to obtain nominal return on investment for each type of car. The total return on investment shall then be calculated by deducting the projected holding gain (loss) for the forecast and/or subsidy year from the nominal return on investment for each type of car. In any instance where the holding gain is not specifically determined for freight cars, the Gross Domestic Product deflator calculated by the U.S. Department of Commerce shall be used. The total return on investment for each type of car shall then be divided by total car-days for each car-type developed in paragraph (g)(1) of this section.

(iii) To the amounts for repairs and depreciation, add the time portion of the railroad's payment for hire of time-mileage freight cars (Form R-1, schedule 414, column (g)), and subtract the time portion of the railroad's receipts for hire of time mileage freight cars (Form R-1, schedule 414, column (d)). The total of these costs is divided by the total car days for each type developed in paragraph (g)(1) of this section.

(4) The cost per mile shall be calculated for each type of time-mileage car as follows. First, add:

(i) 50 percent of the total freight train car repair cost for each car type (Form R-1, schedule 415, column (b));

(ii) 40 percent of the total depreciation costs for each car type developed in paragraph (g)(3)(i) of this section; and

(iii) The mileage portion of the carrier's payments for the hire of time-mileage freight cars (Form R-1, schedule 414, column (f)).

Second, subtract the mileage portion of the carrier's receipts for hire of time-mileage freight cars (Form R-1, schedule 414, column (c)). Finally, divide the result by the total car-miles for each car-type developed in paragraph (g)(2) of this section.

(5) The costs per car day and per car mile developed in paragraphs (g) (3) and (4) of this section shall be applied to the total car days and total car miles for each car type accumulated on the line segment for all traffic originated and/or terminated on the segment plus those freight cars that bridge the line segment which are attributed to time-mileage freight train cars. The on-segment costs for freight cars rented on a straight mileage basis shall be the railroad's total payments for mileage cars (Form R-1, schedule 414, column (e)) for each car type divided by the total miles on which the charges were based.

(6) For Class II and III railroads, the on-segment costs for time-mileage and straight mileage freight cars shall be calculated in the same manner prescribed for Class I railroads, using the latest data available.

(h) *Return on investment—locomotive (line)*. The return on investment shall be calculated for each type of classification of locomotive that is actually used to provide service to the line segment. The return for the locomotive(s) used shall be calculated in accordance with the following procedure:

(1) The current replacement cost for each type of locomotive used to serve the line segment shall be based on the most recent purchase of that particular type and size locomotive by the carrier, indexed to the midpoint of the forecast and/or subsidy year, or on an amount quoted by the manufacturer. The amount must be substantiated. This unit cost shall be multiplied by 1 minus the ratio of total accumulated depreciation to original total cost of that type of equipment owned by applicant-carrier, as shown by company records.

(2) The current nominal cost of capital shall be used in the calculation of return on investment for locomotives and shall be calculated as provided in §1152.34(d).

(3) The return on investment for each category or type of locomotive shall be the nominal return less the holding gain (loss). The nominal return is calculated by multiplying the replacement cost determined in paragraph (h)(1) of this section by the nominal rate of return determined in paragraph (h)(2) of this section. The holding gain (loss) shall be the gain (loss) projected to occur during the forecast and/or subsidy year. In any instance where the holding gain is not specifically determined for locomotives, the Gross Domestic Product deflator calculated by the U.S. Department of Commerce shall be used.

(4) The return on investment for each type of locomotive shall be assigned to the line segment on a ratio of the locomotive unit hours on the segment to average locomotive unit hours per unit for each type of locomotive in the system. This ratio will be developed as follows:

(i) The carrier shall keep and maintain records of the number of hours that each type of locomotive incurred in serving the segment during the subsidy period.

(ii) The railroad shall develop the system average locomotive unit hours per unit for each of the following types of locomotives; yard diesel; yard-other; road diesel; and road-other.

(iii) The ratio applied to the return on investment is calculated by dividing the hours that each type or class of locomotive is used to serve the segment, as developed in paragraph (h)(4)(i) of this section, by the system average locomotive unit hours per unit for the applicable type developed in paragraph (h)(4)(ii) of this section.

(5) The cost assigned to the segment for each type of locomotive shall be calculated by multiplying the annual return on investment developed in paragraph (h)(3) of this section by the ratio(s) developed in paragraph (h)(4) of this section.

(i) *Revenue taxes.* The amount of revenue taxes shall be computed based on the amounts directly paid in those states that subject the railroad to a revenue tax.

(j) *Property taxes (Line).* (1) The assigned costs under this subsection shall be the net systemwide property tax

savings resulting from the abandonment, calculated as set out below, if the applicant-carrier intends subsequently to sell or otherwise dispose of the abandoned properties. If the applicant-carrier expresses an intent to dispose of the properties, it will be presumed that the properties will ultimately be sold or otherwise disposed of after abandonment. Protestants may rebut this presumption by showing that it would be financially beneficial to retain ownership of the property for investment purposes.

(2) In states where a true *ad valorem* tax is levied on real property (such as track, land, buildings, and other facilities), applicant must affirm that the *ad valorem* method applies and must substantiate the amount of property taxes levied against the property on the line segment.

(3) In states where the *ad valorem* method is not employed, applicant must describe the applicable property tax methodology if it is claiming the local property tax as an avoidable cost of operations. Additionally, it must substantiate with evidence and computations the actual statewide tax savings attributable to the abandonment.

(4) Any property tax properly substantiated under paragraphs (f)(2) or (3) of this section shall be presumed to represent systemwide savings to the carrier. Protestants may rebut this presumption by presenting evidence:

(i) That property taxes in those states where the carrier operates that are not involved in the abandonment will increase significantly because of reassessments attributable to the abandonment; or

(ii) That a significantly higher property tax will be levied against a retained portion of the abandoned property. If applicant does not refute protestant's evidence, it may claim avoidable property taxes only if, and to the extent, it proves systemwide property tax savings.

(5) In states where real property taxes are assessed and levied against the owner of the property but the tax on rolling stock is assessed to the railroad operating the service on the basis of a formula of a statewide valuation of

property, the tax on rolling stock attributable to each line segment shall be determined as follows:

(i) Using ratio of the cost of equipment (as used in the formula) to the total of all property costs (as used in formula);

(ii) Apply that ratio to the total state assessment to determine the portion of the assessment attributable to rolling stock;

(iii) Allocate the rolling stock assessment thus determined to each line segment on the basis of car and locomotive unit miles on the segment to total car and locomotive unit miles in the state; and

(iv) Apply the appropriate tax rate or rates to the allocated assessment thus determined.

(k) *Administrative costs.* The costs assigned under this account shall be the actual costs directly attributable to the administration of the subsidy program or at the option of the carrier, one percent of the total annual revenues attributed to the branch shall be allowable to cover all costs of administering the subsidy program. Either method may be used, but not both.

(l) *Casualty reserve account.* The costs assigned under this account shall be any payments mutually agreed to by the person offering the subsidy and the railroad for the purpose of holding the subsidizer harmless from any liability under those accounts that are used to record any costs incurred by the railroad as a result of an accident.

(m) *Rehabilitation.* (1) For abandonment purposes the applicant carrier shall project the amounts necessary to permit efficient operations over the line segment. The carrier shall indicate the level of FRA class safety standard to be attained with the amount of expenditure. See 49 CFR part 213. Applicant, in making its projection of rehabilitation costs, shall give consideration to:

(i) The cost to attain the lowest operationally feasible track level;

(ii) The cost to attain the rehabilitation level resulting in the lowest operating and rehabilitation expenditures; or

(iii) The cost to attain the rehabilitation level resulting in the lowest loss, or highest profit, from operations.

(2) For subsidy purposes rehabilitation costs shall not be included unless:

(i) The track fails to meet minimum Federal Railroad Administrative class 1 safety standards (49 CFR part 213), in which case the railroad will furnish, with the abandonment application, a detailed estimate of the costs to rehabilitate the track to the minimum level; or

(ii) The potential subsidizer requests a level of service which requires expenditures for rehabilitation.

(n) *Off-branch costs.* The off-branch costs developed in this section shall be separated between "off-branch costs other than return on freight cars" and "return on value-freight cars". The off-branch costs shall be developed in the following manner:

(1) Terminal costs, line-haul costs, interchange costs, and modified terminal costs shall be considered as the off-branch avoidable costs of providing service over the remainder of the railroad's system. These costs shall be computed by applying the variable unit costs to the service units attributed to the branch line's traffic for the time periods specified in §1152.22(d) of this part.

(2) The procedure for determining the off-branch costs shall be based upon the URCS cost formula. This formula shall be applied to the latest Annual Report Form R-1 filed by the railroad, with two exceptions. First, the amount used in the formula for freight car depreciation shall be calculated using the procedure discussed in paragraph (g)(3)(iii) of this section applied to the average total car fleet of the railroad. Second, the return on investment in freight cars shall be computed using the procedure set forth in paragraph (g)(3)(ii) of this section. In addition, the application of URCS shall include the use of the nominal cost of capital for all return on investment determinations.

(3) *The Class I Procedure:* A Class I railroad shall calculate its off-branch costs using the Class I procedure as set forth below in this paragraph.

(i) The unit costs developed by applying URCS in the manner specified in paragraph (n)(2) of this section shall be applied to the service characteristics of

each movement of traffic that is attributed to the branch line. This application shall result in the total off-branch cost associated with this traffic for normal terminal handlings, line-haul mileage, and interchange events.

(ii) The modified terminal cost per carload shall be calculated separately for each type of freight car and applied to each car that is attributed to the branch line. The modified terminal cost shall consist of clerical costs, two days of freight car cost, and an inter-intra train switching cost (locomotive engine minute cost only). The clerical cost and inter-intra train switching cost shall be calculated from unit costs developed within the individual URCS application.

(A) The unit costs for the clerical cost per carload calculation are located in URCS Worktable E1, Part 1: Line 106, columns 1, 2, and 3; line 107, column 1; line 108, column 1; line 109, column 1; and line 110, column 1.

(B) The inter-intra train switching cost shall be calculated by multiplying the total switch engine minute cost from URCS Worktable E1, Part 1, line 111, columns 1, 2, and 3 by the total minutes specified in the next sentence. The total minutes specified in this sentence shall equal the sum of:

(1) The minutes per switch event from Worktable E2, Part 1, line 118, column 29; and

(2) The product of the minutes per switch event from Worktable E2, Part 1, line 118, column 29 and the ratio of loaded to total car miles for the particular type of freight car being costed.

(C) The freight car cost shall be the car ownership costs per car day for 2 days developed in accordance with the procedures set forth in paragraph (g)(3) of this section for the type of freight car being costed.

(iii) For a Class I railroad, the total costs calculated using the procedures set forth in paragraphs (n)(3)(i) and (n)(3)(ii) of this section shall constitute the off-branch costs attributable to the branch line's traffic.

(4) A Class II or Class III railroad shall calculate its off-branch costs using any one of three different procedures. *The Class I Procedure:* A Class II or Class III railroad may calculate its off-branch costs using the Class I pro-

cedure set forth in paragraph (n)(3) of this section, if the necessary data are available from the railroad's own records. If the data necessary to complete the Class I procedure set forth in paragraph (n)(3) of this section are not available from the railroad's own records, the Class II or Class III railroad shall calculate its off-branch costs using either one of the following procedures based on the latest regional URCS data and the railroad's own records. *The Class II/III Simplified Costing Procedure:* A Class II or Class III railroad may calculate its off-branch costs using the Class I procedure set forth in paragraph (n)(3) of this section, with regional URCS data of the Class I railroads used in lieu of individual URCS data of the Class II or Class III railroad. Costs developed through the use of the Class II/III simplified costing procedure shall enjoy a rebuttable presumption of correctness. *The Class II/III Standard Costing Procedure:* A Class II or Class III railroad may calculate its off-branch costs using the Class II/III standard costing procedure set forth in paragraphs (n)(4)(i) through (n)(4)(xiv) of this section. Costs developed through the use of the Class II/III standard costing procedure shall be given preference over costs developed through the use of the Class II/III simplified costing procedure. The Class II/III standard costing procedure is set forth in paragraphs (n)(4)(i) through (n)(4)(xiv) of this section.

(i) The Class II or Class III railroad shall first determine which URCS regional application will be used based on its geographical location. The railroad's total estimated system variable expenses are calculated by multiplying its total operating expenses by the ratio of variable expenses to total expenses; this ratio is located in Worktable D8, Part 6, line 615, column 1 of the URCS printout for the appropriate region. If a railroad has passenger and freight service, the freight portion of the total estimated system variable expenses shall be calculated by multiplying the total estimated system variable expenses, calculated as above, by the ratio of freight related operating expenses to total railway operating expenses.

(ii) The total number of revenue carload terminal handlings, as determined from the railroad's records, shall be calculated as the sum of:

(A) Originated and terminated (local) revenue carloads multiplied by 2; plus

(B) Interchanged and either originated or terminated (interline) revenue carloads.

(iii) The total number of revenue carload interchange handlings, as determined from the railroad's records, shall be calculated as the sum of:

(A) Bridge (interchange to interchange) revenue carloads multiplied by 2; plus

(B) Revenue carloads that are interchanged and either originated or terminated (interline).

(iv) The system average shipment weight per car, as determined from the railroad's records, shall be calculated by dividing:

(A) Ton-miles-revenue freight by

(B) Loaded freight car miles.

(v) The system average loaded car miles per car, as determined from the railroad's records, shall be calculated by dividing:

(A) Revenue ton-miles by

(B) Revenue tons.

(vi) The railroad shall complete a URCS Phase III "Movement Costing Program" based on the application of URCS data for the appropriate region. The following data shall be inputs to the Phase III program application.

(A) The carrier code, either "REG 4" or "REG 7", shall correspond to the appropriate region.

(B) The type of shipment shall be designated as "OD" in order for the movement to be costed as an interline movement.

(C) The distance shall be the system average loaded car miles per car as developed in paragraph (n)(4)(v) of this section.

(D) The type of freight car shall be identified as a Box, General Service Equipped, which has an input user code of "3". If all of the traffic on the branch line is transported in a single type of car, and it is not a Box, General Service Equipped, the code for that type of car may be substituted.

(E) The number of freight cars shall be "1".

(F) The car ownership factor shall be designated as "R" for railroad owned cars unless all of the branch line traffic is moved in privately owned cars, in which case the code "P" for privately owned cars would be the input.

(G) The program requires a loss and damage input. The code "48", representing the average of all commodities, shall be used.

(H) The input for shipment weight shall be the system average shipment weight per car developed in paragraph (n)(4)(iv) of this section.

(I) The input for type of movement shall be "1", representing an individual car movement.

(vii) The ratios employed to separate the total estimated system variable expenses, as determined in paragraph (n)(4)(i) of this section, among terminal, interchange, and line-haul operations shall be based on the procedures outlined in this paragraph (n)(4)(vii). This separation shall reflect the variable costs resulting from the application of the URCS Phase III program based on the input factors specified in paragraph (n)(4)(vi) of this section. The ratios shall be calculated in the following manner:

(A) The terminal expenses calculated by the application of the Phase III program shall consist of the following:

(1) "Carload and Clerical Costs" shall be calculated as the sum of lines 256, 258, 260, 262, 264, 266, and 268.

(2) Switching expenses based on "Total SEM-Industry" shall be calculated by multiplying:

(i) The sum of lines 315, 317, and 319, by

(ii) Line 311.

(3) Car mile yard cost "CM(Y)-Industry" shall be calculated by multiplying:

(i) The sum of lines 426, 428, and 430, by

(ii) Line 422.

(4) Car day yard cost "CD(Y)-Industry" and "CD(Y)-L&UL" shall be calculated by multiplying:

(i) The sum of lines 452, 454, and 456, by

(ii) The sum of lines 446 and 450.

(5) The expenses for accessorial services for railroad owned cars shall be calculated as the sum of:

(i) The product of line 422 and the sum of lines 464, 466, and 468; plus

(ii) The product of the sum of lines 446 and 450 and the sum of lines 476, 478, and 480.

(B) The interchange expenses calculated by the application of the Phase III program shall consist of the following:

(1) Switching expenses based on “Total SEM-Interchange” shall be calculated by multiplying

(i) The sum of lines 315, 317, and 319, by

(ii) Line 312.

(2) Car mile cost in interchange “CM(Y)-Interchange” shall be calculated by multiplying:

(i) The sum of lines 426, 428, and 430, by

(ii) Line 423.

(3) Car day cost in interchange “CD(Y)-Interchange (L&E)” shall be calculated by multiplying:

(i) The sum of lines 452, 454, and 456, by

(ii) Line 447.

(4) The expenses for accessorial services for railroad owned cars shall be calculated as the sum of:

(i) The product of line 423 and the sum of lines 464, 466, and 468; plus.

(ii) The product of line 447 and the sum of lines 476, 478, and 480.

(C) The line-haul expenses resulting from the application of the Phase III program shall be calculated by subtracting the sum of:

(1) The terminal expenses as determined in paragraph (n)(4)(vii)(A) of this section, and

(2) The interchange expenses as determined in paragraph (n)(4)(vii)(B) of this section, from

(3) The total variable cost excluding loss and damage as calculated in the Phase III program at line 696.

(D) The ratio for terminal expenses shall be calculated by dividing the terminal expenses as determined in paragraph (n)(4)(vii)(A) of this section by the total variable cost excluding loss and damage as calculated in the Phase III program at line 696.

(E) The ratio for interchange expenses shall be calculated by dividing the interchange expenses as determined in paragraph (n)(4)(vii)(B) of this section by the total variable cost ex-

cluding loss and damage as calculated in the Phase III program at line 696.

(F) The ratio for line-haul expenses shall be calculated by dividing the line-haul expenses as determined in paragraph (n)(4)(vii)(C) of this section by the total variable cost excluding loss and damage as calculated in the Phase III program at line 696.

(viii) The railroad’s total estimated system variable expenses shall be separated as follows:

(A) The total terminal variable expenses shall be calculated by multiplying the total estimated system variable expenses as determined in paragraph (n)(4)(i) of this section by the ratio for terminal expenses as determined in paragraph (n)(4)(vii)(D) of this section.

(B) The total interchange variable expenses shall be calculated by multiplying the total estimated system variable expenses as determined in paragraph (n)(4)(i) of this section by the ratio for interchange expenses as determined in paragraph (n)(4)(vii)(E) of this section.

(C) The total line-haul variable expenses shall be calculated by multiplying the total estimated system variable expenses as determined in paragraph (n)(4)(i) of this section by the ratio for line-haul expenses as determined in paragraph (n)(4)(vii)(F) of this section.

(ix) The railroad’s unit costs shall be determined for terminal, interchange, and line-haul operations as follows:

(A) The terminal cost per carload shall be calculated by dividing the total terminal variable expenses as determined in paragraph (n)(4)(viii)(A) of this section by the total number of revenue carload terminal handlings as determined in paragraph (n)(4)(ii) of this section.

(B) The interchange cost per carload shall be calculated by dividing the total interchange variable expenses as determined in paragraph (n)(4)(viii)(B) of this section by the total number of revenue carload interchange handlings as determined in paragraph (n)(4)(iii) of this section.

(C) The line-haul cost per car mile shall be calculated by dividing the total line-haul variable expenses as determined in paragraph (n)(4)(viii)(C) of

this section by the total system freight car miles, loaded and empty, as determined from the railroad's records.

(x) The modified terminal cost per carload is a composite of costs developed in the Phase III program and costs determined in accordance with paragraph (g) of this section and this paragraph. The modified terminal cost per carload shall be calculated for each type of car as follows:

(A) The station clerical cost per carload shall be developed in the following manner:

(1) The station clerical expense ratio shall be calculated by dividing the total clerical cost (the sum of lines 256, 258, 260, 262, 264, 266, and 268) by the terminal expenses as determined in paragraph (n)(4)(vii)(A) of this section.

(2) The station clerical cost per carload shall be calculated by multiplying the terminal cost per carload as determined in paragraph (n)(4)(ix)(A) of this section by the station clerical expense ratio.

(B) The interchange switching cost per carload shall be developed in the following manner:

(1) The total interchange switching expense shall be calculated by multiplying the sum of lines 315, 317, and 319 by line 312.

(2) The interchange switching ratio shall be calculated by dividing the total interchange switching expense by the interchange expenses as determined in paragraph (n)(4)(vii)(B) of this section.

(3) The interchange switching cost per carload shall be calculated by multiplying the interchange cost per carload as determined in paragraph (n)(4)(ix)(B) of this section by the interchange switching ratio.

(C) The freight car cost element shall be the freight car cost per car day for 2 days as developed for each car type in paragraph (g)(3) of this section.

(D) The modified terminal cost per carload shall be the total of the costs developed in paragraphs (n)(4)(x)(A), (n)(4)(x)(B), and (n)(4)(x)(C) of this section.

(xi) The terminal costs shall be calculated by multiplying the terminal cost per carload as determined in paragraph (n)(4)(ix)(A) of this section by the number of carloads that both:

(A) Originated or terminated on the branch, and

(B) Are local to the railroad serving the branch.

(xii) The interchange costs shall be calculated by multiplying the interchange cost per carload as determined in paragraph (n)(4)(ix)(B) of this section by the number of carloads that both:

(A) Originated or terminated on the branch; and

(B) Are received in or forwarded through interchange with other railroads.

(xiii) The line-haul costs shall be calculated by multiplying the line-haul cost per car mile as determined in paragraph (n)(4)(ix)(C) of this section by the total loaded and empty car miles generated on the railroad's system off the branch by cars that originated or terminated on the branch.

(xiv) The modified terminal costs shall be calculated by multiplying the modified terminal cost per carload as determined in paragraph (n)(4)(x)(D) of this section by the number of carloads that originated or terminated on the branch.

(o) *Locomotive depreciation.* The depreciation cost for locomotives used on the line shall be calculated using the following procedure:

(1) The current replacement cost for each type of locomotive used to serve the line will be based on the most recent purchase of that particular type and size locomotive by the carrier indexed to the midpoint of the year or on an amount quoted by the manufacturer.

(2) The depreciation rate that will be applied to the replacement cost shall be the carrier's component rate for each type of locomotive as reported in the latest Annual Report Form R-1 submitted to the Board or from the company records. Carriers using depreciation rates based on company records must explain why composite rates are inappropriate; provide a detailed explanation of the methodology used to compute the alternate depreciation rate; and demonstrate that these rates have been used consistently.

(3) The annual depreciation cost for each type of locomotive shall be calculated by multiplying the replacement cost(s) developed in paragraph (o)(1) of this section by the rate from paragraph (o)(2) of this section.

(4) The depreciation expense for each type of locomotive shall be assigned to the line on the ratio of the hours incurred serving the line to the average system locomotive unit hours in service by each of the following categories of locomotives: yard-diesel; yard-other; road-diesel; and road-other. The ratio for each type of locomotive used to serve the line shall be the same as that developed in paragraph (h)(4) of this section.

(5) The depreciation shall be calculated by multiplying the annual depreciation expense for each type of locomotive developed in paragraph (o)(3) of this section by the ratio(s) developed in paragraph (o)(4) of this section.

(p) *Opportunity costs.* Applicant-carrier may, at its discretion, present evidence of its opportunity costs, if the assets engaged in the line proposed to be abandoned could be used more profitably in some other capacity.

Opportunity costs may be calculated in accordance with the methodology established in §1152.34 of this part, or by using any other reasonable, fully explained method. Opportunity costs are not included as costs on Exhibit 1 described at §1152.36. These costs should be submitted as a separate exhibit to the application.

(q) *Labor costs.* (1) The salaries, wages and fringe benefits of personnel exclusively assigned to the line segment shall be deemed attributable costs of the segment. The salaries, wages, and fringe benefits of personnel not exclusively assigned to the line segment shall be deemed attributable costs of the segment to the extent they are shown to be apportionable to the segment to be abandoned.

(2) These costs shall be deemed attributable notwithstanding any obligation of applicant to provide employee protection for employees after the abandonment.

§1152.33 Apportionment rules for the assignment of expenses to on-branch costs.

The accounts specified under §1152.32 (a), (b), (c), and (d) as having an assignment basis other than “Actual” shall be apportioned according to the rules contained in this section.

(a) *Maintenance of way and structures—(1) Roadway machines.* All accounts designated XX-13-36 shall be assigned to the branch on the basis of the average repair costs, for each type of machine, included in the daily rental fees charged by the operating railroad or as published by the General Manager’s Association of Chicago (GMA), based on the actual number of days each type of machine is used on the branch.

(2) *Small tools and supplies.* All accounts designated XX-13-37 shall be assigned to the branch as follows:

(i) The costs of supplies, consumed in the operation of roadway machines, shall be assigned to the branch on the basis of the average costs of supplies per day, included in the daily rental fees charged by the operating railroad or as published by the GMA, multiplied by the actual number of days that the machine is used on the branch;

(ii) The costs of small tools shall be assigned to the branch on the basis of the ratio that the branch amounts in Accounts 11-11-10 through 11-11-17 and 11-11-48, plus 11-12-10 through 11-12-17 and 11-12-48, bear to the railroad’s system total for the same accounts.

(3) *Fringe benefits.* Fringe benefits shall be assigned to the branch separated between running, switching and other, on the ratio that the total branch salary and wages bear to the total system salaries and wages for each activity as follows:

(i) *Fringe benefits—Running, Account 12-11-00,* total of all 11-11-XX accounts branch to system;

(ii) *Fringe benefits—Switching, Account 12-12-00,* total of all 11-12-XX accounts branch to system; and

(iii) *Fringe benefits—Other, Account 12-13-00,* total of all 11-13-XX accounts branch to system.

(b) *Maintenance of equipment—(1) Locomotive repairs and maintenance.* All accounts designated XX-21-41 shall be